



# Update to the Board of Trustees

for the

## Workforce Housing Project

at 930 Oddstad Boulevard, Pacifica, California 94044

March 6, 2019

# Number of Employees by Income Limits

Pacifica School District

Income Category	Single	2 Party	Family	Total
Extremely Low (30% AMI)	16	28	77	121
Very Low (50% AMI)	17	22	44	83
HOME Limit (60% AMI)	6	4	47	57
Low (80% AMI)	16	17	10	43
Median	8	4	5	17
Total	63	75	183	321

- San Mateo County HUD established area median income is **\$118,400** (based on family of 4)
- Family size approximated from district health benefits information

# Number of Employees with Interest in Living in Workforce Housing

Pacifica School District

	2016-2017	February, 2019
Respondents	43	187
Yes	43	23
Maybe		30
No		129

In 2019, the survey asked all employees to respond yes, no or maybe to the interest in living in workforce housing.

# Interested Employees Responses

Pacifica School District

	2016-2017	February, 2019
1 BR	10	12
2 BR	14	13
3 BR	18	31
Household Size		
One	9	10
Two	14	16
Three or More	19	28
Estimated Household Income		
Less than \$50,000	14	10
\$50,000-75,000	11	22
\$75,000-100,000	5	8
Over \$100,000	12	17

# Schedule

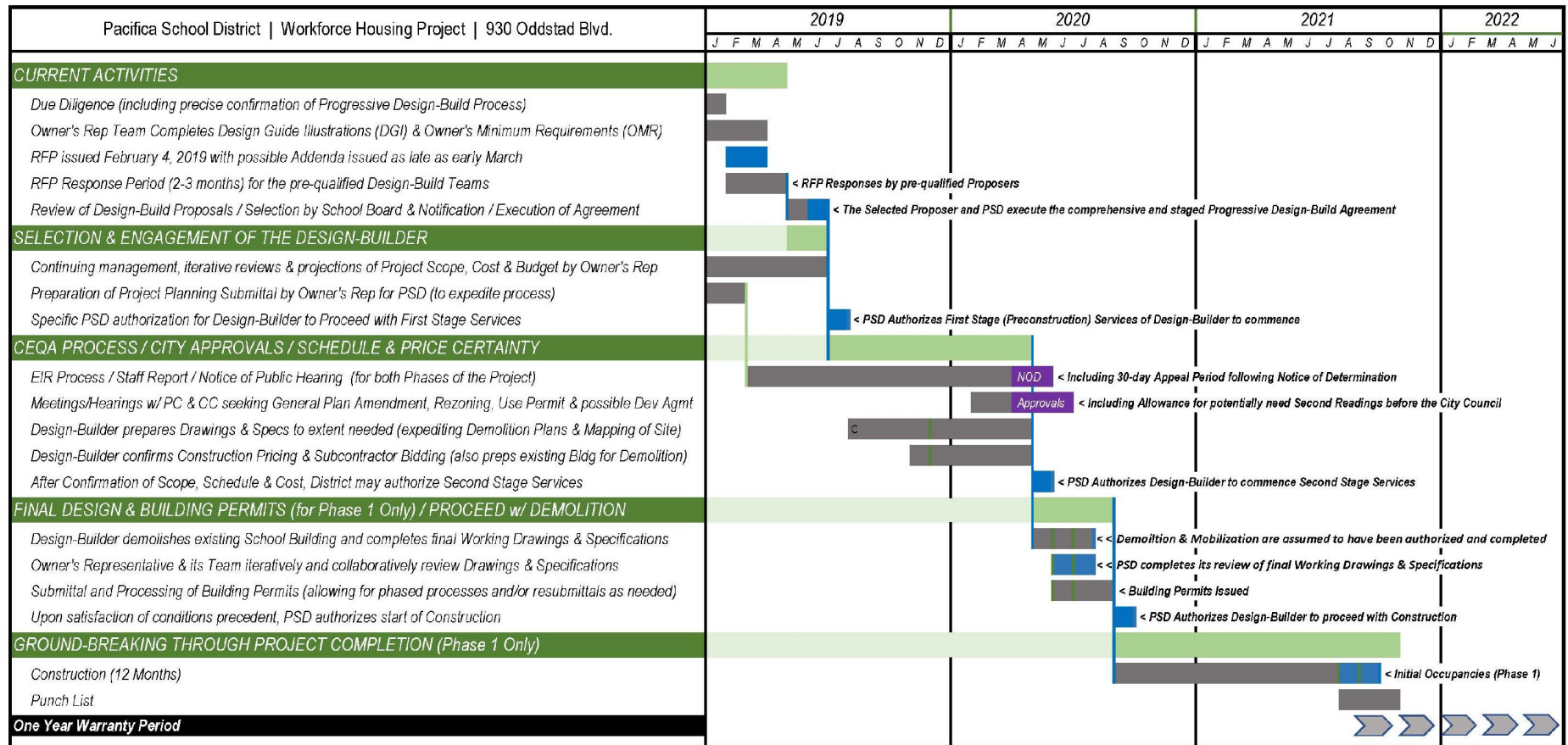
## Updated and Current Project Schedule with Capital Sources

## Pacifica School District

### Attachment J Preliminary Project Schedule

Brookwood Advisors

1. February 2019



# Project Costs

Construction Costs in the Marketplace Continue to Increase

Pacifica School District

- ❖ The table below compares the original EHP estimate (which excluded some categories of costs) to the original and most recent Brookwood estimates.

	Original EHP Estimate	Brookwood Estimate 11/2017	Brookwood Estimate 11/2018
Land	--	--	--
Construction	\$11.4 Million	\$15.5 Million	\$19.0 Million
Construction Escalation	--	\$1.2 Million	\$2.3 Million
Soft Costs	\$1.6 Million	\$4.1 Million	\$4.0 Million
Soft & Hard Cost Contingency	\$1.3 Million	\$1.5 Million	\$0.9 Million
Pre-Dev Financing	--	\$0.1 Million	\$0.1 Million
<b>Total</b>	<b>\$14.3 Million</b>	<b>\$22.4 Million</b>	<b>\$26.3 Million</b>
Esc. Contingency	--	\$0.6 Million	\$0.6 Million
<b>Total Project Cost</b>	<b>\$14.3 Million</b>	<b>\$23.0 Million</b>	<b>\$27.0 Million</b>

\*Not including long-term financing.

# Program Details

There will be 45 units in Phase One

**Pacifica School District**

- 38 Phase One units will be Workforce and 7 will be Affordable
- Targeting the 38 Workforce units at an average of 77% of Market Rent
- The Affordable units meet City ordinance & exceed HEART criteria

Unit Type	Workforce Housing (Ave)	Affordable @ 80% AMI	Affordable @ 100% AMI	Affordable @ 120% AMI
1 BR / 1 BA	18 units (\$2,300 / mo)	1 unit (\$2,149 / mo)	1 unit (\$2,167 / mo)	1 unit (\$2,612 / mo)
2 BR / 2 BA	15 units (\$2,393 / mo)	1 unit (\$2,579 / mo)	1 unit (\$2,599 / mo)	
3 BR / 2 BA	4 units (\$3,280 / mo)	1 unit (\$2,976 / mo)		1 unit (\$3,618 / mo)
Property Manager's Unit	1 unit (\$1,000 / mo)			
<b>Total</b>	<b>38 Units</b>	<b>3 units</b>	<b>2 units</b>	<b>2 units</b>

- Phase Two will include 25 units for a total of 70 units in both phases

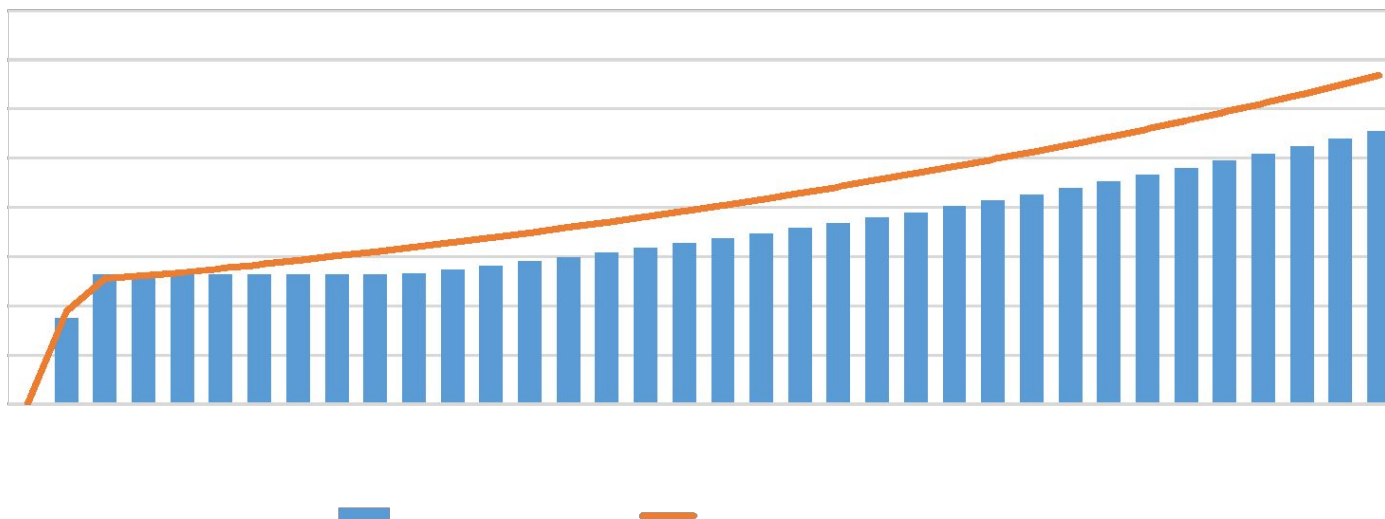
# A. Certificates of Participation

Raising \$27 Million with COPs Requires Minimal Outside Contribution

**Pacifica School District**

- ❖ Current interest rates would result in net income approx. 20% higher than debt service starting in 2031
- ❖ Debt service exceeds net income in 2023 and 2024 by a total of \$46,000 and would require a minimal outside contribution of funds
- ❖ COPs are backed by the general fund

Comparison of Projected Net Operating Income versus Bond Repayment



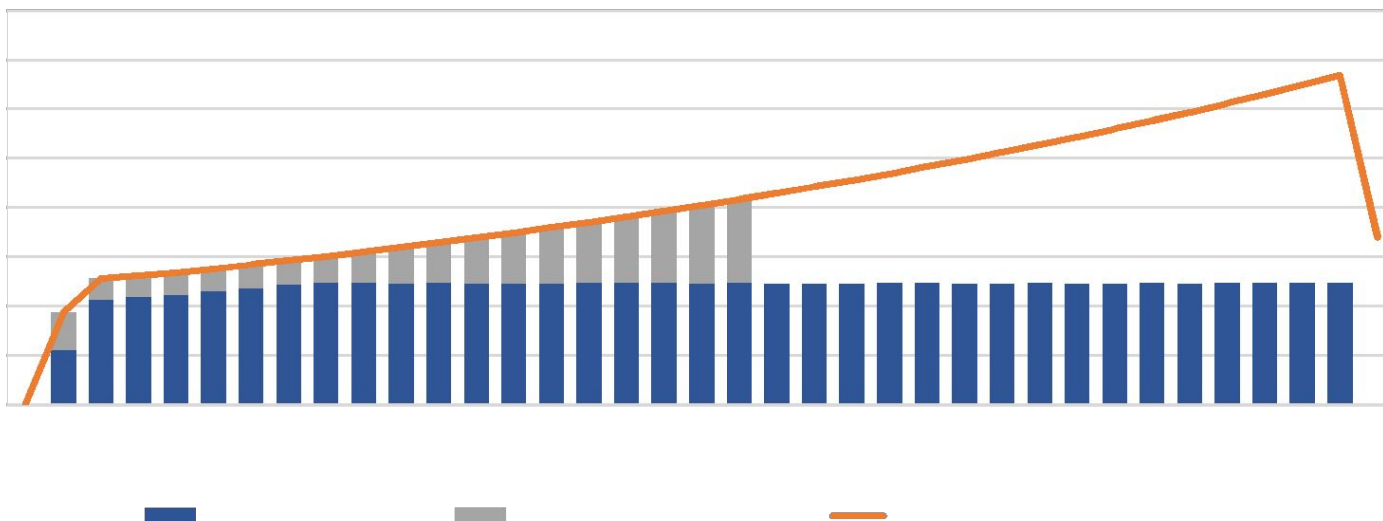
## B. Privatized Project Financing (PPF) with GO Bond Payback

Alternative that Separates Financing from General Fund

**Pacifica School District**

- ❖ A Privatized Project Financing is a funding alternative to COPs and would raise up to \$18.2 million - \$8.8 million needed to fully fund project
  - Bonds would exclusively be supported by Project revenues, no General Fund liability
  - Higher borrowing cost; more structuring limitations
  - Because of level debt service, it is possible to use GO bonds upfront and repay the building fund over time
    - With 3% rent escalation, will take ~20 years to repay \$8.8 million

**Comparison of Projected Net Operating Income versus Bond Repayment**



## C. Combine PPF w/ Other Funds to Reduced Rents

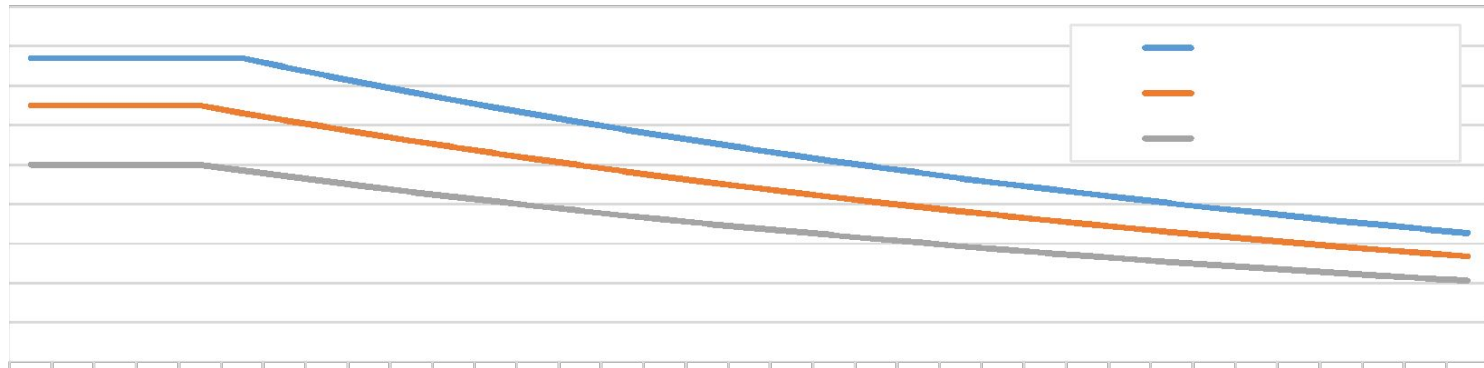
Combine a PPF with Varying Amounts of GO Bonds to Reduce Rents

**Pacifica School District**

- ❖ A Privatized Project Financing (PPF) with varying amounts of other funding (GO Bonds or sale of site dollars) can be used to reduce rent levels
  - Instead of repaying back debt, rents can be lowered and/or have little to no escalation factor

Scenario	Initial Rent Level	Rent Escalation	PPF Funding	Other Funding	Total Funding
C1.	77% of Market	3% for 5 years, flat thereafter	\$18.2 million	\$8.8 million	\$27 million
C2.	65% of Market	3% for 5 years, flat thereafter	\$14.0 million	\$13.0 million	\$27 million
C3.	50% of Market	3% for 5 years, flat thereafter	\$10.9 million	\$16.1 million	\$27 million

**Rent Reduction as a % of Market Over Time\***



\*Assumes market rental rates increase by 3% annually

# Summary of Scenarios

## Pacifica School District

Scenario	Initial Rent Level	Rent Escalation	Base Funding	Other Funding
A	77% of Market	3%	\$27.0 million COPs	None
B	77% of Market	3%	\$18.2 million PPF	\$8.8 million
C1.	77% of Market	3% for 5 years, flat thereafter	\$18.2 million PPF	\$8.8 million
C2.	65% of Market	3% for 5 years, flat thereafter	\$14.0 million PPF	\$13.0 million
C3.	50% of Market	3% for 5 years, flat thereafter	\$10.9 million PPF	\$16.1 million